

India seeks more Japanese investment

TOKYO, Jan 23 : Indian foreign Minister Madhav Singh Solanki urged Japan Wednesday to invest more in his country, India's ambassador said, reports AP.

Solanki met with Koza Watanabe, Minister of International Trade and Industry, and explained a new economic policy adopted six months ago by the new government. Prime Minister PV Narasimha Rao, said Ambassador Arjun Asrani.

Under the policy, Asrani said, foreign enterprises could own 51 per cent of subsidiaries they set up in India. Foreign ownership previously was limited to less than 40 per cent, he said.

The envoy quoted Solanki as saying India welcomes investment in any kind of industry, including electronics. Solanki also sought expanded trade with Japan.

Japan's exports to India in 1990 totalled 1.71 billion, dollar down 15.4 per cent from 1989, and its imports from India totalled 2.08 billion dollar up 4.9 per cent. Foreign Ministry figures show that India has posted a surplus in trade with Japan since 1989.

Later, Solanki visited Kumamoto, 900 kilometers southwest of Tokyo, to inspect agriculture and high technology industries. He met with Governor Joji Fukushima of Kumamoto and again presented the case for investment in India, Asrani said.

Kumamoto prefecture (state), on Japan's southern-most main island of Kyushu, is known both for agricultural industry and a technology center where leading Japanese industrial firms including Matsushita Electric Industries Co have research and development laboratories.

Solanki arrived Sunday for a six-day visit to Japan. In Tokyo, he met with officials including his Japanese counterpart, Michio Watanabe, and Prime Minister Kiichi Miyazawa.

WB to give Brazil \$1b credit

SAO PAULO (Brazil), Jan 23 : A World Bank team agreed provisionally to release a total of one billion dollar to Brazil by the end of 1992, a government official said, reports Reuter.

The release of the funds is conditioned on Brazil closing an agreement with the International Monetary Fund (IMF) which is scheduled to meet January 29 on whether to approve President Fernando Collor de Mello's fiscal reform programme and grant Brazil a two billion dollar standby loan, the official said.

The World Bank team, led by Bank Vice President for Latin America Shahid Husain, reached the agreement during meetings with Economy Minister Marcello Marques Moreira Tuesday.

The first part of the accord targets 500 million dollar Brazil would use as a fund guaranteeing debt payments to foreign creditor banks, the official said.

Brazil's talks with foreign bank creditors have focused on the guarantee fund as a hedge against Brazil declaring an debt moratorium on foreign debt payments. Under the World Bank agreement, if Brazil declared a moratorium, the guarantees would automatically revert to the banks.

The agreement also includes the release of another 500 million dollar for Brazilian "sector projects" already approved in the last two years, the official said.

The Journal Do Brasil newspaper said the sector loans would cover some two dozen projects, including financing of some 300 million dollar for companies to purchase state firms sold in the privatisation programme. Another 300 million would go to the financial and industrial sectors to increase their competitiveness, the newspaper said.

Pak bid to boost jute farming

ISLAMABAD, Jan 23 : The Pakistani government decided yesterday to constitute a special board of jute to boost jute cultivation and jute industry in the country, reports Xinhua.

The decision was made at a meeting here attended by representatives of Pakistan Jute Mills Association (PJMA) and senior officials of the Ministries of Industries, Finance, Food and Agriculture, the official news agency APP reported.

At the meeting, Industries Minister Sheikh Rashid Ahmad stressed upon the need to enhance indigenous cultivation of jute to meet the growing demand of jute industry and pledged the government will resolve 'genuine' problems faced by the jute industry.

He also urged the PJMA to improve efficiency of their units and make their products

competitive in the international markets. There are 14 jute mills at present in Pakistan with a total production capacity of 117,000 tons.

The PJMA is producing more than 100,000 tons of jute sacks and hessian cloth annually which meet 85 per cent of the country's requirement.

The PJMA is demanding of the government to reduce tariff on their products from 128 per cent to 80 per cent and the industries minister directed officials concerned to study the matters relating to tariff relief, APP said.

Reuter from Karachi adds: A Pakistani opposition alliance accused Prime Minister Nawaz Sharif's government on Wednesday of driving the

economy to the brink of collapse. "Almost all economic policies of the rulers have failed," Nawabzada Naarullah Khan, Chairman of the All Parties Conference (APC) alliance, told reporters.

He said Sharif's move for a rapid privatisation of state enterprises had failed. "There are widespread allegations of nepotism, financial misappropriation..."

"The economy is on the verge of total collapse," Naarullah Khan said, quoting a resolution passed by the APC party leaders after a two-day meeting in Karachi. Opposition leader Benazir Bhutto, a former Prime Minister, attended.

"The free-for-all liberalisation of foreign exchange traffic has led to a steep rise in inflation... rendering the over-

whelming majority of the people miserably poor," he said.

He also blamed the government for a stoppage of US military and economic aid since October 1990 over suspicions that Pakistan is making nuclear weapons.

Shops, meanwhile were shut in several towns of the southern province of Sindh, of which Karachi is the capital.

Witnesses said public transport was also halted there as part of a strike to protest against the detention last weekend of a secessionist politician.

The strike was called by followers of GM Syed, put under house arrest for 30 days in Karachi on Saturday after he renewed a call for a separate "Sindhudesh" homeland in Sindh on his 89th birthday.



WASHINGTON: US President George Bush (L) lowers the rostrum for Japanese Foreign Minister Michio Watanabe (2nd R) during the Jan 22 White House ceremony where a new US-Japan computer trade agreement was signed. Standing with Bush and Watanabe are US Trade Representative Carla Hills (R) and an unidentified Japanese aide. — AFP photo

Congressional panel recommends retaliation against Japan, others

WASHINGTON, Jan 23 : The United States should retaliate against Japan and other countries discriminating against American investors, the head of a congressional panel said Wednesday, report AP.

"The time is ripe for some form of legislation" to replace with reciprocity the unlimited welcome to foreigners in US securities markets, Rep Mary Rose Oaker of Ohio declared at the end of a hearing of her House Banking subcommittee.

"The status quo cannot remain... we have to level the playing field," she said, extending to financial services the concerns long aired in Congress about foreign market barriers against US manufac-

tured goods. Unequal cost of capital are partly to blame for job losses and the shrinking US industrial base, the hearing was told.

Statements of Oaker and other lawmakers suggested good prospects for legislation to replace unrestricted access to US securities markets with reciprocal national treatment.

President Bush "might as well have been on another planet" when he travelled to Japan earlier this month to "sell open markets," testified Kevin Kearns of the Economic Strategy Institute, a private organization promoting government-managed industrial policy.

The Japanese "do not practice our brand of capitalism..."

and they see little need to change. By keeping their markets closed as long as possible... Japan has grown into the second largest economy in the world and may be first by the turn of the century, said Kearns.

Japan has a closed financial system providing cheap capital that enabled its manufacturers to invest 660 billion dollars in plant and equipment in 1990 compared to 510 billion dollar in the United States, a 21/2-to-1 Japanese advantage on a per capita basis, he said.

Kearns is a former US State Department officer who quit after charging that a group in the department nicknamed the "Chrysanthemum Club" coddles Japan.

Matthew P Fink, President of Investment Co Institute, a US trade group, said only four foreign mutual fund sponsors have been able to get Japanese licenses. The sole American one, Fidelity Group, has abandoned efforts to do business there, he testified, because of "onerous requirements" including establishing a subsidiary with minimum capitalization of about 8 million dollar and employment of 30 employees in Japan.

South Korea does not even accept applications for licensing of foreign fund managers, Fink said, while the European Community and Canada generally are granting Americans equality with their own nationals.

Grain reserve in Russia almost nil

Donors differ over aid to CIS

WASHINGTON, Jan 23 : The world's wealthiest nations agree that states struggling to emerge from the wreckage of the former Soviet Union need massive help. But clear differences emerged after a day of closed meetings, reports AP.

A final session Thursday is expected to focus on coordinating humanitarian assistance and helping the former Soviet republics move toward democracy and free market economies.

On Wednesday, Japan and Germany clashed over giving aid to the Soviets.

At a news conference, German Foreign Minister Hans-Dietrich Genscher criticized Japan's insistence that Russia first return the Kurile Islands occupied at the end of World War II.

However, during the meeting Japan said it was prepared to offer an additional 50 million dollar in aid, Japan announced in October it would provide 2.5 billion dollar worth of fuel and medical supplies, and a 500 million dollar export loan.

Several other governments offered of new assistance, according to US officials who spoke on condition of anonymity, but the prospective donors and amounts weren't disclosed.

At a luncheon, Secretary of State James A Baker singled out oil-rich Saudi Arabia, Australia and New Zealand for private consultations.

Meanwhile, US sources disclosed that Richard Armitage, a veteran Defense and State Department official,

would coordinate the American aid programme.

President Bush told the 47-nation meeting the United States would pledge an additional 645 million dollar in aid, a move designed to encourage others to increase their pledges.

Reports from Moscow add: Russia's top economic official says his country's grain reserves are nearly exhausted, and he appealed Wednesday for additional Western aid to prevent what he characterized as imminent economic collapse.

"Aid offered now can help prevent this," Deputy Prime Minister Yegor Gaidar wrote in Wednesday's editions of London's Financial Times. "It would be much more valuable than aid offered later."

He said "foreign assistance is urgently needed" to stabilize the rouble. "If we are to stop inflation rolling, March is the time to act."

The daily newspaper Nezavisimaya Gazeta reported Wednesday that higher prices are forcing more Russians to rely on bread, sugar and potatoes for their calories.

It said food consumption is dropping and that, for the first time in 30 years, "the population of the former Soviet Union is facing the threat of real hunger."

Meanwhile, The European Community has put tons of donated beef and milk on sale in Moscow and St. Petersburg because it feared giving the food away would undercut the fledgling market economy, an EC spokesman said Wednesday.

Iraq asks for 5-yr moratorium on payment of damages

GENEVA, Jan 23 : Iraq has asked the United Nations for a five-year moratorium in making payments to a UN compensation fund for victims of its 1990 invasion of Kuwait, reports Reuter.

An Iraqi Oil Ministry official, Mohammad Reda al-Shadidi, made the request to the Governing Council of the compensation fund at a closed-door meeting on Monday, his remarks were made available to Reuters Thursday.

"We see that Iraq should be granted a five-year grace period to have time to adjust its economy in a way which permits it to meet its international financial obligations and pay for its basic needs," Shadidi said in a speech.

Leading members of the governing council such as the United States and Britain have little sympathy when Iraq says it needs money to rebuild, since Baghdad has refused to sell the 1.6 billion dollar of oil authorised by the UN Security Council.

The governing Council comprises the 15 members of the Security Council. Shadidi's appearance was the latest in a series of UN Iraqi contacts in which Baghdad has discussed conditions for the possible resumption of oil sales. An embargo was slapped on shortly after it invaded Kuwait in August 1990.

The Security Council has decided to siphon off up to 30 per cent of Iraq's oil revenues to recompense workers, companies and the country of Kuwait.

Under last August's Security Council resolution which provided for Iraqi sales of 1.6 billion dollar of oil, the sales would have had to have been made by mid-February 1992.

Dubai burns 12 tonnes of ivory

JEBEL ALI (Dubai), Jan 23 : Dubai burnt 12 tonnes of ivory and rhino horn (Wednesday) in a spectacular display of its compliance with a United Nations ban on trade that is decimating elephant and rhino herds in Africa and Asia, reports Reuter.

A UN official witnessing the burning of the elephant tusks and rhino horn at a waste disposal site 40 km west of Dubai city said it showed the government's will to comply.

A factory that worked the material and two smaller workshops had been closed down since the UN ban was imposed in 1989, Dubai Municipality Director Qassem Sultan said. That was the total trade, he added.

"Dealing in ivory is now totally banned in Dubai and I am 95 per cent certain that no more ivory is being handled here," he said.

Russian health workers call strike for pay hike

MOSCOW, Jan 22 : Russian health workers have called a one-day strike for January 29 to back calls for higher pay, Interfax news agency said Thursday, reports AP.

The Union of Medical Workers, which represents 4.5 million health professionals, said its members would only give emergency treatment on that day, the agency said.

The union has criticised the Russian government's inability to finance medical services and is calling for introduction of a non-subsidised system.

Medical treatment is officially free in Russia, but consumers complain that most doctors demand illicit payments except for emergency services.

Since the collapse of the Soviet bloc, republics of the former Soviet Union have been experiencing serious shortages of medicine and medical material long supplied at low prices by former eastern allies.

ASEAN heads certain to ratify CEPT

SINGAPORE, Jan 23 : ASEAN ministers opened talks to hammer out details on boosting cooperation before a landmark summit of their heads of government here next week, reports Reuter.

The foreign and economic ministers of the Association of South East Asian Nations will hold separate plenary sessions on Thursday and a joint meeting on Friday to finalise draft agreements on trade and other issues, ASEAN officials said.

Heading the agenda for ASEAN — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — is a Thai proposal to create an ASEAN Free Trade Area (AFTA) for manufactured and processed agricultural goods within 15 years.

ASEAN officials said ASEAN leaders meeting on January 27-28 are certain to ratify a framework agreement on economic cooperation and a Common Effective Preferential Tariff (CEPT) scheme proposed by Indonesia as the first step to AFTA.

Economic ministers will finalise the timing, products and other details of the CEPT at the sessions.

They will also debate Malaysia's proposal for an East Asian Economic Caucus (EAEC), which ASEAN's main trading partner the United States has strongly criticised as an attempt to form a re-

gional trade bloc. ASEAN foreign ministers are expected to discuss Vietnam's and perhaps Laos' plans to accede to the Group's 19-6 friendship treaty as a first step toward becoming members of the grouping.

Another copy adds: Heads of South-East Asian states meeting here next week will propose greater cooperation in fighting aids and the region's growing traffic in drugs, ASEAN officials said Thursday.

A joint declaration by the January 27-28 summit will include a call to share information and increase cooperation on surveillance, enforcement and education to fight the twin evils, they said.

The alarming increase in AIDS cases in the region and its proven close relationship with intravenous drug-taking habits portrays the drug problem in a new perspective, "it said.

Despite tough drug laws passed by ASEAN states, including mandatory death sentences for drug traffickers in Singapore and Malaysia, the region remains a flourishing heroin source for North America, Europe and Australia, western diplomats said.

Over 50 per cent of the heroin seized in the United States comes from the Golden Triangle, the region straddling the borders of Burma, Thailand and Laos, a US embassy official said.

Bush seeks Democrat help to boost jobs

WASHINGTON, Jan 23 : President Bush said Wednesday his economic revival proposal will boost jobs and urged Democrats to work with him to "get this country back to work," reports AP.

He avoided reporters' questions about whether his proposal to be unveiled next week would include tax cuts or break spending ceilings.

"Our proposal will try to avoid that kind of politically popular approach but we'll focus on those things that encourage jobs and investment," Bush said.

Bush's State of the Union speech is scheduled for Jan 28, the day before he unveils his fiscal 1993 budget. The President's popularity has fallen as the recession deepened, and his advisers hope the proposals will revive the economy as well as Bush's reelection prospects.

As Bush put the finishing touches on his budget, Congress' top economist was ready to tell lawmakers that the economy will probably begin a recovery by midyear — but only a mild one.

The president acknowledged that he is "getting hammered" on his economic policies.

Meanwhile the Federal Reserve said Wednesday the

US economy was in the doldrums as 1991 ended with little sign of life anywhere, in a generally gloomy assessment of business activity around the country.

The Fed said business executives believed that the economy would be improving by the middle of 1992 but as of yet, they had little firm evidence on which to base that expectation.

"Activity was lackluster as the year drew to a close," the central bank said in a survey compiled from information supplied by the Fed's 12 regional banks.

The survey noted disappointing Christmas sales by department stores, a slump in manufacturing activity and little demand for new loans at banks outside of a rush by homeowners to refinance mortgages.

The Fed's review of business conditions will form the basis for discussion when Fed policymakers meet Feb 4 and 5 to map monetary strategy for the new year.

In its survey of business conditions completed in the first two weeks of January, the central bank depicted a stagnant economy with few signs of life.

Business briefs

UK to repay Baltics \$162m for gold : Britain is to repay 90 million pound (162 million dollar) of gold to the Baltic states, Prime Minister John Major announced Wednesday after meeting in London with Lithuanian President Vytautas Landsbergis, reports AFP from London.

The gold, which was deposited with the Bank of England, was confiscated by Britain after the Soviet Union annexed Lithuania, Latvia and Estonia in 1940.

Tokyo aid official leaves Nepal : The head of the Japanese Overseas Economic Cooperation Fund, Akira Nishigaki, left Kathmandu Wednesday after a four-day visit to Nepal, reports AFP from Kathmandu.

On Tuesday he had talks with King Birendra, Minister of State for Finance Mahesh Acharya and Prime Minister Girtija Prasad Koirala.

Loan to top US-Israel meet agenda : An Israeli request for 10 billion dollar in loan guarantees tops the agenda for a meeting this week between Secretary of State James A Baker and Israel's ambassador to the United States, reports AP from Washington.

Baker asked to see Ambassador Zalman Shoval to discuss the guarantees, which Israel desperately wants so it can get loans to settle more than 300,000 Jews from the former Soviet Union.

US deal with Japan terminated : The country transportation commission, under pressure to keep jobs and funding at home, terminated a 122 million dollar rail car contract Wednesday with a Japanese firm, reports AP from Los Angeles.

The unanimous decision came as Sumitomo Corp of America tried to boost US participation in the Metro Green Line transit project in an effort to stem growing clamor against sending work overseas.

US auto plant lays off 90 workers : An automobile components plant temporarily laid off 90 of its 1,200 workers a day after President George Bush visited the plant and on a campaign trip praised it as an American success story, reports Reuter from Dover, New Hampshire.

Robert Hynes, a Vice President of the Textron Davidson Interior Trim plant in Dover, said on Wednesday the decision to temporarily lay off the assembly-line workers for one week was not made until January 16, the day after Bush's one-day campaign trip through New Hampshire.

Brazil's trade surplus hits 5-yr low : Brazil's trade surplus was 10.82 billion dollar last year, the lowest in five years, the government said Wednesday, reports AP from Rio De Janeiro.

The surplus fell by 1.22 per cent from the 1990 figure of 10.75 billion dollar. It marked the third consecutive drop since Brazil posted a record surplus of 19 billion dollars in 1988.

A Japanese housewife says US cars are the best!

TOKYO, Jan 23 : Atsuko Kobayashi knows all about the pervasive negative image of US cars in Japan — they're too big, they guzzle gas, they fall apart. They're no match for Made in Japan, reports AP.

So why does this Japanese housewife motor around town in an American station wagon? Because "flimsy Japanese cars" are no match for her sturdy Ford Taurus, which she says saved her life when another car rammed into her last year. Not only that, the price is right and she likes its square style.

After driving German and Japanese cars, Kobayashi now swears American cars are the best, although she acknowl-

edges that Detroit does a dismal job persuading Japanese customers of its products' strengths.

"My friends are surprised I'm still driving an American car," said Kobayashi, 38.

In fact, some Japanese believe President Bush's recent visit, with the heads of Detroit's Big Three in tow, may have further damaged the reputation of American cars.

"The visit had the... effect of playing up the inferior quality of US cars," said Honda Motor Co spokesman Masaru Inoue. "And nothing has happened yet to counter it."

Although Honda hopes to triple by 1994 the number of

Chrysler Cherokee Jeeps it sells in Japan from last year's 437. Inoue warned that the target could be hard to meet unless American makers begin to cater to Japanese needs and tastes.

Japanese buyers want automakers to pay great attention to detail, place steering wheels on the right-hand side and produce cars small enough for Japan's narrow streets, critics of Detroit say.

"All that people remember are the horror stories" of delays in repairs and maintenance on US cars, said Kazutoshi Ariyama, a spokesman for Yanase, a dealer specialising in foreign autos.

Only 30,000 American imports were sold in Japan last year, less than one per cent of the market, and half of them were US made Hondas. Meanwhile, Japanese cars have gobbled up a one-third share of the American market.

"When Japanese think US products, they think jeans and bourbon whiskey," Ariyama said.

Kunihiko Ono of the Japan Automobile Importers Association says that even in areas in which US firms excel, such as jeeps and hatchbacks, they may eventually lose out to Japanese carmakers who learn quickly and offer better prices.

In general, US cars are more expensive than Japanese

models. For example, a Pontiac Grand Am costs dollar 22,700, compared with the 15,715 price-tag of the nearest Japanese model, the Nissan Bluebird 200V.

"But they should be able to fare better than they're doing now which is pretty hopeless," says Ono.

Still, some Japanese remain undaunted.

Aritsune Tokudaiji, a writer and auto expert, just bought a dark green Eldorado Cadillac, which he plans to evaluate from the Japanese driver's point of view. So far, he likes it.

"It's a mellow, carefree kind of car," says Tokudaiji, who be-